GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1148
ANSWERED ON:23.11.2001
DECLINE IN GROWTH RATE
VSM (RETD.) COL. CHOUDHARY

Will the Minister of FINANCE be pleased to state:

(a) whether the Government have taken note of sharp decline in growth rate;

(b) if so, the details in this regard;

(c) whether the Government have identified main reasons responsible for decline in growth rate; and

(d) if so, the action taken/proposed to be taken to accelerate growth during the current fiscal year?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a), (b) (c) & (d): As per the latest Quarterly Estimates of the Gross Domestic Product (GDP) released by the Central Statistical Organisation, the overall growth in the real GDP during the first quarter (Q1) (April-June) of 2001-02 is estimated at 4.4 per cent, compared with 6.1 per cent in the Q1 of 2000-01. The deceleration in the growth of overall GDP in Q1 of the current financial year is attributed to a slowdown in the growth of GDP originating in the Industry (comprising mining & quarrying, manufacturing, electricity, gas & water supply and construction) from 6.9 per cent in Q1 of 2000-01 to 2.2 per cent in Q1 of 2001-02. Besides, growth originating from the services sector (comprising trade, hotels, transport & communications, financial services, community, social & personal services) also decelerated from 8.6 per cent in Q1 of 2000-01 to 6.8 per cent in Q1 of 2001-02. With a view to promoting growth, the broad strategy enunciated in the Budget for 2001-02 has emphasised speeding up of agricultural sector reforms and better management of the food economy; intensification of infrastructure investment, continued reform in the financial sector and capital markets, and deepening of structural reforms through removal of remaining controls constraining economic activity; human development through better educational opportunities and programmes of social security; stringent expenditure control of non-productive expenditure; acceleration of the privatization process and restructuring of public enterprises and; revenue enhancement through widening of the tax base and administration of a fair and equitable tax regime. The Budget for 2001-02 has also provided enhanced central plan outlays for key infrastructure sectors. Besides, measures have been taken to stimulate domestic demand. These among others include reduction in interest rates on contractual savings, tax cuts through abolition of surcharge payable by corporates and non-corporates, further scaling down of peak customs tariff, major simplification in the excise duty regime, etc. These specific measures to stimulate demand in the backdrop of Budget strategy are expected to have a favourable impact on growth.